

FSC-62-A	4/10/96	TO: ROM
SUBJECT: DORAL SOC Payments to Distributor PL and MON/BV EDLP Retail Accounts		
DISTRIBUTION:		
<input checked="" type="checkbox"/> AVP	<input checked="" type="checkbox"/> KAM	<input type="checkbox"/> ELM
<input checked="" type="checkbox"/> RSM	<input checked="" type="checkbox"/> Reg.Mil./DF Mgr.	<input type="checkbox"/> MIL
<input checked="" type="checkbox"/> RBM	<input type="checkbox"/> DM	<input type="checkbox"/> DF
<input checked="" type="checkbox"/> ROM		<input type="checkbox"/> REP

Your region's input was recently requested on the above subject. While some of you expressed no need for this program, others believed it would benefit their Regions in maintaining/growing our Share of the Savings business in selected accounts. For those Regions, we are pleased to announce the availability of this program for qualifying retail accounts that you identified and submitted to your respective sales area. Listed below are the qualifications:

- Retail account must be a Level II or Level III Merchandising and Level III Merchandising Accrual Partner, giving the Distributor's Forsyth Private Label or MONARCH/BEST VALUE price protection and preferred merchandising space in the lowest price category. The PL or MONARCH/BEST VALUE display does not qualify as RJR's Savings brand footprint.
- RJR's overall share of the retail accounts Savings business for the six month period (January-June/July-December) must be a minimum 50%. A calculation worksheet will be sent to you in June for 1st half 1996 payment calculation.

50-74% = \$.35 per carton on DORAL 10¢
 75%+ = \$.50 per carton on DORAL 25¢

- The Savings Business Unit must have the following approved agreements on file in Winston-Salem in order to process semiannual SOC payments under this program:
 - A) Retailer with Distributor's Forsyth PL - DORAL Share of Category Agreement (see attached).
 - B) Retailer with MONARCH/BEST VALUE - An updated (signed in 1996) EDLP Agreement which you received in your Sales and Marketing 1996 Operating Plan manual and a DORAL Share of Category Agreement.

These agreements must be submitted through your Sales Area office for approval. We will track the costs of this program and deduct them from your Consumer Pricing budget.

- When signing a Retail Account that carries a Distributor's Forsyth Private Label to the DORAL Share of Category program, make them aware that they will no longer qualify for the \$.20 per carton Special Retail Agreement you may have been previously paying them through TPS.
- Finally, please understand that neither of these new programs in any way qualify the account for a Private Label Share of Category or Alliance Accrual payment normally associated with a true Forsyth Private Label contractual agreement.

These guidelines are being sent only to you so that you may control implementation. We hope this new program helps you protect and build business in identified accounts.

Program Contact: Your Area Manager of Operations

R. J. REYNOLDS TOBACCO COMPANY

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